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USDA FOR ASSOCIATE ADMINISTRATOR BREWER AND DEPUTY ADMINISTRATOR SHEIKH

E.O. 12958: N/A

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SUBJECT: DCM RAISES MISSING USDA PROGRAM FUNDS WITH AG MINISTER

¶1. (SBU) SUMMARY: Agriculture Minister Mario Aldana admitted to DCM January 12 that his ministry had mistakenly overlooked deadlines in the execution of USDA's Food for Progress program funds approximating \$4.1 million. He committed to providing Ambassador McFarland a letter and plan of action indicating these projects would be resurrected as quickly as possible. DCM made it clear to Aldana that the United States wished to continue as a strong partner with the Government of Guatemala on food security issues, but this could only happen if the USG could be assured funds would be used in an appropriate manner. Aldana told DCM he would seek to accompany either Vice President Espada, or President Colom, during their upcoming visits to Washington, and DCM encouraged him to seek appointments with his USDA counterparts, and to personally assure them he will account for the missing funds and get the projects back on track. End Summary.

¶2. (SBU) DCM, accompanied by Foreign Agricultural Service (FAS) Attache Eilks and FAS Agricultural Specialist Tay, called on Minister of Agriculture Mario Aldana and his team of experts January 12 to discuss several USDA funded projects that were to be executed by the Ministry of Agriculture (MAGA). MAGA has received the equivalent of \$15 million to support various Food for Progress (FFP) projects to include institutional training, institutional support and agricultural development activities. In exchange for the funds, the GoG of agreed to execute the projects on time and fully account for the money spent. Post became aware that a number of the projects had been halted since May 2009. Specifically, \$4.1 million that had been provided through FFP, had not been executed. Further, the funds did not appear to be accounted for within the Ministry. Ministry officials offered a number of excuses for the lack of execution of the projects when the issues was raised.

¶3. (SBU) Aldana agreed that USDA programs were extremely important particularly since experts predicted greater food security and environmental challenges in the future. He acknowledged that internal budgetary issues, coupled with poor planning within MAGA, had brought us to the current situation. DCM and FAS Specialist Tay accepted the Minister's apology, but noted it was more important to get the money back and get the programs up and running again. Foreign Agriculture Service Associate Administrator John Brewer and Deputy Administrator Pat Sheikh raised the issue December 9, 2009, in frank terms with Aldana, but while he claimed to understand the problem then he made no apparent efforts to resolve it.

¶4. (SBU) DCM suggested MAGA draft a letter from the Minister to the Ambassador specifically outlining how MAGA plans to reactivate the

programs that were halted. DCM assured Aldana that the USG desired to be a strong partner with the GoG as it faces serious food security challenges. In addition, he reminded the Minister that USG agriculture programs in Guatemala had a historically been successful over the years, and suggested this latest problem should not be allowed to jeopardize that legacy. Aldana agreed and asked our Agriculture Specialist to work with his team on the letter and the action plan. In a brief aside, DCM again pressed Aldana to make good on his commitment to get the programs up and running before President Colom, Vice President Espada, and Ambassador McFarland leave for upcoming visits to the U.S. Aldana said he would and added he would seek to accompany either the President or the Vice President in order to meet with USDA officials.

15. (SBU) COMMENT: We do not believe Aldana stole the money. Many ministries, including MAGA, have seen their budgets drastically reduced. Couple that with bureaucratic inefficiencies, and the creation of an almost parallel system to manage the First Lady's Social Cohesion program, and one could see how mistakes could be made. The money was likely moved to a general government account, possibly to cover expenses elsewhere, and the FFP programs were put on hold. Aldana recognizes that Guatemala's dire food security situation, and need for even greater support from the international community, means the GoG can ill afford to jeopardize its relationship with donors by mishandling international aid. FAS will follow up with the Minister to make sure he fulfills his commitment. End Comment.  
MCFARLAND